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SECURITIES AND EXCHANGE COMMISSION  
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## ANNUAL AUDITED REPORT

FORM X-17A-5  
PART III

FEB 27 2008

Washington, DC  
110

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FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 ThereunderREPORT FOR THE PERIOD BEGINNING 01/01/07 AND ENDING 12/31/07  
MM/DD/YY MM/DD/YY

## A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: DORN &amp; CO., INC.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

216 E WASHINGTON

(No. and Street)

FERGUS FALLS

MN

56538-0748

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

(Area Code - Telephone Number)

## B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

EIDE BAILLY LLP

(Name - if individual, state last, first, middle name)

4310 17TH AVE S

FARGO

ND

58108-2545

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

PROCESSED

MAR 13 2008

THOMSON  
FINANCIAL

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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

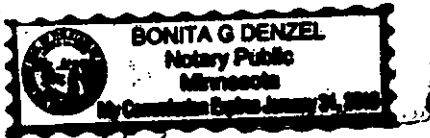
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JD  
3/14/08

## OATH OR AFFIRMATION

I, RUSSELL (LARRY) DORN, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of DORN & CO., INC., as of DECEMBER 31, 20 07, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

NONE



[Signature]  
Notary Public

[Signature]  
Signature

CEO  
Title

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

# **DORN & CO., INC.**

**DORN & CO., INC.**

Table of Contents

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	<u>Page</u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Condition	2
Statement of Income	3
Statement of Changes in Retained Earnings	4
Statement of Cash Flows	5
Notes to Financial Statements	6
<b>INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION</b>	10
<b>SUPPLEMENTARY INFORMATION</b>	
Computation of Net Capital Reconciliation	11
Trading and Investment Securities	12
Insurance in Force	13
<b>INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL</b>	14



## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
**Dorn & Co., Inc.**  
Fergus Falls, Minnesota

We have audited the accompanying statement of financial condition of **Dorn & Co., Inc.** as of December 31, 2007, and the related statements of income, changes in retained earnings, and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we do not express such an opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Dorn & Co., Inc.** as of December 31, 2007, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Fargo, North Dakota  
February 25, 2008

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**DORN & CO., INC.**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2007**

**ASSETS**

Cash and cash equivalents	\$ 20,161
Receivable from broker - dealers and clearing organizations	51,065
Marketable trading and investment securities, at market	386,610
Prepaid expenses	2,580
Office equipment and leasehold improvements at cost, less accumulated depreciation and amortization of \$399,822	179,748
Investment in anitque personal property	45,000
Deposit with clearing organization	25,000
	<hr/>
Total assets	\$ 710,164

**LIABILITIES AND STOCKHOLDER'S EQUITY**

**LIABILITIES**

Payable to broker - dealers and clearing organizations	\$ 78,372
Accounts payable	6,205
Accrued payroll taxes	21,628
Accrued expenses	42,214
	<hr/>
Total liabilities	148,419

**STOCKHOLDER'S EQUITY**

Common stock	
Par value \$10	
Authorized - 25,000 shares	
Issued and outstanding - 6,000 shares	60,000
Retained earnings	501,745
	<hr/>
Total stockholder's equity	561,745
	<hr/>
Total liabilities and stockholder's equity	\$ 710,164

**DORN & CO., INC.**  
**STATEMENT OF INCOME**  
**YEAR ENDED DECEMBER 31, 2007**

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**INCOME**

Gain on sale and holding of trading account securities	\$ 241,899
Commissions on security sales	40,562
Commissions and concessions on Mutual Funds	685,050
Annuity fees	27,520
Dividends and interest earned	19,277
Proceeds from NASD merger	35,000

Total income	<u>1,049,308</u>
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**EXPENSES**

Salaries and commissions	
Executive	320,000
Registered representative	157,857
Office and clerical	158,560
Payroll taxes	32,128
Advertising	35,507
Bank service and clearing charges	36,330
Depreciation	15,574
Client expense/expos	15,055
Utilities and building occupancy	23,408
Licenses, bonds and insurance	9,049
Memberships, books, dues and subscriptions	15,285
Office supplies and expense	16,015
Postage	8,480
Professional services	46,532
Rents	79,200
Travel and entertainment	4,916
Telephone	6,511
Employee benefits	1,052
Profit sharing trust contributions	70,492
Interest	1,039

Total expenses	<u>1,052,990</u>
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LOSS BEFORE PROVISIONS FOR INCOME TAXES	(3,682)
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PROVISIONS FOR INCOME TAXES	<u>300</u>
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NET LOSS	<u>\$ (3,982)</u>
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**DORN & CO., INC.**  
**STATEMENT OF CHANGES IN RETAINED EARNINGS**  
**YEAR ENDED DECEMBER 31, 2007**

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RETAINED EARNINGS - BEGINNING OF YEAR	\$ 505,727
NET LOSS	<u>(3,982)</u>
RETAINED EARNINGS - END OF YEAR	<u>\$ 501,745</u>



**DORN & CO., INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2007**

**OPERATING ACTIVITIES**

Cash received from customers and clients	\$ 2,072,956
Cash payments to brokers, vendors and employees	(2,055,619)
Interest and dividends received	19,277
Interest paid	(1,039)
Income tax paid	(300)

**NET CASH FROM OPERATING ACTIVITIES** 35,275

**INVESTING ACTIVITIES**

Purchase of property and equipment	(14,626)
Purchase of other asset	(2,129)

**NET CASH USED FOR INVESTING ACTIVITIES** (16,755)

**FINANCING ACTIVITY**

Payments on line of credit	(25,000)
----------------------------	----------

**NET CHANGE IN CASH AND CASH EQUIVALENTS** (6,480)

**CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR** 26,641

**CASH AND CASH EQUIVALENTS, END OF YEAR** \$ 20,161

**RECONCILIATION OF NET LOSS TO  
NET CASH FROM OPERATING ACTIVITIES**

Net loss	\$ (3,982)
Adjustments to reconcile net loss to net cash from operating activities	
Depreciation	15,574
Changes in assets and liabilities	
Accounts receivable	(6,916)
Trading account	(69,050)
Prepaid expenses	629
Accounts payable	77,547
Payroll taxes	10,345
Other liabilities	11,128

**NET CASH FROM OPERATING ACTIVITIES** \$ 35,275

**DORN & CO., INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007**

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**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Nature of Business*

The Company's business activities consist primarily of the purchase and sale of stocks, bonds and mutual funds on its own behalf and as broker or agent for others and the underwriting of certain securities issues. The Company has a Principal's license to operate principally in the states of Minnesota, North Dakota, and South Dakota. The Company is a registered insurance agent in the State of Minnesota. Records are maintained on the accrual basis whereby revenues are recognized as they are earned and expenses are reported as they are incurred. Security-related transactions are recorded on the basis of trade dates.

*Securities Clearing*

During 1999, Dorn & Co., Inc. completed the conversion from a self-clearing broker to becoming fully-disclosed through RBC Dain Correspondent Services (DCS), a division of RBC Dain Incorporated, a Minnesota corporation.

*Securities Insurance*

Securities held in custody by DCS (the company's clearing firm) are protected up to a total of \$99,500,000 per account. Of this total, Securities Investor Protection Corporation (SIPC) provides \$500,000, of which \$100,000 may be in cash. The remaining \$99,000,000 of coverage on securities only is provided by DCS through a commercial insurer. Investment Access and RBC Dain Retirement accounts are protected up to a total of \$400,000,000. The account protection applies when a SIPC member firm fails financially and is unable to meet obligations to securities customers, but it does not protect against losses from the rise and fall in market value of investments.

*Trading Securities*

Trading securities are valued at quoted market values. Unrealized gains and losses are included in operations. Unrealized gains (losses) on trading account securities total (\$11,033) at December 31, 2007. Inventory depreciation of \$10,322 has been reflected in operations of the year ended December 31, 2007.

*Property and Equipment*

Property and equipment is recorded at cost less accumulated depreciation to date. Depreciation is computed by accelerated methods using estimated useful lives of 3 to 39 years. Depreciation expense for the year ended December 31, 2007 was \$15,574.

The Company's investment in antique personal property is valued at cost. Market value is not available for these assets. No depreciation is provided since they are deemed to have retained their value.

*Cash and Cash Equivalents*

For purposes of the statement of cash flows the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash flows from purchase and sales of debt and equity securities carried in the trading account are classified as operating activities. Customer and broker accounts and short-term borrowings having original maturities of three months or less are reported net.

## NOTES TO FINANCIAL STATEMENTS

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### *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### *Income Taxes*

The amount of current and deferred taxes payable or refundable is recognized as of the date of the financial statements, utilizing currently enacted tax laws and rates. Deferred tax expenses or benefits are recognized in the financial statements for the changes in deferred tax liabilities or assets between years. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some or all of the deferred tax assets will not be realized.

### *Commissions*

Commissions and related clearing expenses are recorded on a trade-date basis as securities transactions occur.

### *Advertising*

Advertising costs are expensed as incurred. The expense for the year ended December 31, 2007 was \$35,507.

### *Trade Receivables*

Trade receivables (Broker and Dealers – Open Transactions and Trading Receivable) are recorded and recognized on the books based upon information presented to the company by third party entities from whom the receivable is due. No allowance is deemed to be necessary as it has been the experience of the Company that the full amount is collected and usually received within 30 days.

## **NOTE 2 - RECEIVABLE FROM AND PAYABLE TO BROKER-DEALERS AND CLEARING ORGANIZATION**

Amounts receivable from and payable to broker-dealers and clearing organizations at December 31, 2007, consist of the following:

	<u>Receivable</u>	<u>Payable</u>
Payable to clearing broker	\$ -	\$ 78,372
Fees and commissions receivable	25,384	-
Receivable from clearing organization	<u>25,681</u>	<u>-</u>
Total	<u>\$ 51,065</u>	<u>\$ 78,372</u>

The Company clears certain of its proprietary and customer transactions through another broker-dealer on a fully disclosed basis. The amount payable to the clearing broker relates to aforementioned transactions and is collateralized by securities owned by the Company.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 3 - LINE OF CREDIT

The Company has an unsecured revolving line of credit with Bank of the West of Fergus Falls in the amount of \$100,000. As of December 31, 2007, \$0 was outstanding. The current interest rate on the loan was 7.75%.

### NOTE 4 - INCOME TAXES

Income tax expense (benefit) has been computed at the statutory rates applicable during the years. The components of taxes on income at December 31, 2007 are as follows:

Current:	
Federal	
State	\$ 300
Deferred tax expense	7,300
Valuation allowance	<u>(7,300)</u>
 Tax provision	 <u>\$ 300</u>

As of December 31, 2007, the company had federal and state net operating loss carryforwards, which may be applied to future taxable income of \$120,000 and \$90,000, respectfully. The net operating loss carryforwards will begin to expire in 2015.

At December 31, 2007, deferred tax assets recognized for deductible net operating loss carryforwards totaled \$27,000. The deferred tax benefits have been offset in total by valuation allowances.

### NOTE 5 - PROFIT SHARING TRUST FUND

The Company has adopted a non-contributory profit sharing plan covering all full-time employees with one or more years of service, to which it has been paying a cash amount approximating 12 percent of the eligible salaries of those employees who have fulfilled the length of service requirement. Contributions to the plan are discretionary and totaled \$70,492 for 2007.

### NOTE 6 - NET CAPITAL REQUIREMENTS

As a registered Broker-Dealer, Dorn & Co., Inc. is subject to the requirements of Rule 15(c)3-1 of the Securities Exchange Act of 1934. The basic concept of the rule is liquidity, its object being to require a Broker-Dealer to have at all times sufficient liquid assets to cover its current indebtedness. Specifically, the rule requires a self-clearing broker to maintain a minimum of \$250,000 in net capital, and prohibits a Broker-Dealer from permitting its aggregate indebtedness to exceed fifteen times its net capital as those terms are defined. Although Dorn & Co., Inc. is no longer self-clearing, it still has chosen to maintain a minimum net capital of \$250,000 in order to act as a principal. At December 31, 2007, aggregate indebtedness and net capital were \$148,419 and \$308,439, respectively, a ratio of 0.48 to 1.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 7 - LEASE AGREEMENTS

The Company was leasing on a month to month basis from January 1, 2007 through June 30, 2007, the office space it occupies. As of July 1, 2007, the Company entered into a long-term lease agreement for the office space occupied for a time period of 10 years. Under the terms of the agreement, lease payments in the amount of \$7,200 are due monthly based upon a square foot calculation. The agreement also calls for an annual review of lease payment amounts for possible adjustments to current market conditions. Under the terms of the agreement, the lease may be terminated early by the Company or building owner.

Future minimum lease payments under the agreement, at December 31, 2007 are as follows:

2008	\$ 86,400
2009	86,400
2010	86,400
2011	86,400
2012	86,400
Thereafter	<u>388,800</u>
Total	<u>\$ 820,800</u>

### NOTE 8 - RELATED PARTY TRANSACTIONS

The Company maintains its offices in a building owned by its sole shareholder, and paid \$79,200 for rent in 2007. Corporate indebtedness at Bank of the West of Fergus Falls, is personally guaranteed by the Company's sole shareholder.

### NOTE 9 - CREDIT RISK

Amounts on deposit in the corporation bank account frequently exceeded the \$100,000 FDIC coverage for depositors. This results in a credit risk as defined by Financial Accounting Standards Board Opinion No. 105. Amounts on deposit with RBC Dain are covered by Securities Investor Protection Corporation (SIPC) as disclosed in Note 1, Securities Insurance.

Other financial instruments subject to off-balance-sheet credit risk include accounts receivable, and trading and investment securities. The Company does not require collateral or other security to support receivables. At December 31, 2007, the Company had accounts receivable from broker/dealer open transactions of \$25,384, respectively.

The value of trading and investment securities is based on market values of the specific issues and thus subject to market fluctuations.

### NOTE 10 - FAIR VALUE OF FINANCIAL INSTRUMENTS

For most financial instruments owned by the Company, including cash, accounts receivable and payable, and notes payable, the fair value approximates their carrying value because of their short-term nature or because their interest rates are equal to current market rates. Trading and investment securities are valued on the financial statements at current market values as of December 31, 2007. Such market values represent a fair value of these financial instruments. It was not practical to estimate the fair value of investment in antique personal property because a limited market exists for their sale or resale.



CPAs & BUSINESS ADVISORS

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**INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION**

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The Board of Directors  
**Dorn & Co., Inc.**  
Fergus Falls, MN

Our report on our audit of the basic financial statements of Dorn & Co., Inc. (a corporation) for the year ended December 31, 2007 appears on page 1. The information included on pages 11 through 13 is presented only for supplementary analysis purposes. Such information has been compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

*Eide Bailly LLP*

Fargo, North Dakota  
February 25, 2008

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**DORN & CO., INC.**  
**COMPUTATION OF NET CAPITAL RECONCILIATION**  
**DECEMBER 31, 2007**

TOTAL STOCKHOLDER'S EQUITY - PER BALANCE SHEET	<u>\$ 561,745</u>
DEDUCTIONS	
Unallowable assets	
Prepaid expenses	2,580
Property and equipment - net of accumulated depreciation	179,748
Investment in antique personal property	45,000
Haircuts on trading account securities	
Municipal bonds	<u>25,978</u>
Total deductions	<u>253,306</u>
NET CAPITAL	<u><u>\$ 308,439</u></u>
 TOTAL LIABILITIES - PER BALANCE SHEET	 \$ 148,419
DEDUCTIONS	<u>-</u>
AGGREGATE INDEBTEDNESS	<u><u>\$ 148,419</u></u>
 RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL	 48.12%

**DORN & CO., INC.**  
**TRADING AND INVESTMENT SECURITIES**  
**DECEMBER 31, 2007**

	<u>Market Value</u>	<u>Cost</u>
<b>CORPORATE STOCKS</b>		
None Held	\$ -	\$ -
<b>MUNICIPAL BONDS</b>		
St. Paul, MN Housing & Redevelopment Bonds, 4.625%, \$175,000 par value	157,616	162,969
Olmstead County, MN G.O. Bonds, 4.000%, \$15,000 par value	14,830	14,588
St. Paul, MN Housing & Redevelopment Bonds, 5.25%, \$225,000 par value	214,164	219,375
<b>CORPORATE BONDS</b>		
None Held		
<b>TOTAL</b>	<u>\$ 386,610</u>	<u>\$ 396,932</u>

(continued on next page)



**DORN & CO., INC.**  
**INSURANCE IN FORCE**  
**DECEMBER 31, 2007**

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<b>EMPLOYEES</b>	Worker's Compensation Profit Sharing Blanket Bond	Statutory 100M
<b>BUSINESS OWNER'S POLICY</b>	Business Liability Medical Expense Tenant's Fire, Legal Hired/Non-Owned Autos Building Replacement Business Personal Property Valuable Paper Business Interruption Outdoor Signs	1,000M 5M 50M 1,000M 381,300 102,600 10M 12 Months 5M
<b>STOCKBROKERS</b>	Blanket Bond (10M Deductible) Fidelity and Deposit (5M Deductible) Audit Expense Coverage Unauthorized Signatures	300M 25M 25M 25M
<b>SECURITY BOND</b>	North Dakota Blue Sky Seaboard Security STAMP (5M Deductible)	25M 100M
<b>MAIL</b>	First Class Mail/Certified Mail/Overnight Non-Negotiable Negotiable	 5,000M 5,000M



## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL

The Board of Directors  
**Dorn & Co., Inc.**  
Fergus Falls, Minnesota

In planning and performing our audit of the financial statements and supplementary schedule of **Dorn & Co., Inc.** for the year ended December 31, 2007, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by **Dorn & Co., Inc.** including tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g), in making the periodic computation of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications and comparisons; in recordation of differences required by Rule 17a-13; and in complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of **Dorn & Co., Inc.** is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United State of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

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Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that **Dorn & Co., Inc.**'s practices and procedures were adequate at December 31, 2007, to meet the SEC's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, the National Association of Securities Dealers, Inc. and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

*Eido Bailey LLP*

Fargo, North Dakota  
February 25, 2008

END